



Institute of Certified Management Accountants of Sri Lanka

Code of Ethics for Members

The Governing Council of The Institute of Certified Management Accountants of Sri Lanka approved the Code of Ethics (COE) for members based on the IFAC Guidelines and the Code of Ethics of CMA Canada and IMA of USA.

The Code of Ethics would be applicable to members with effect from 01st January 2008.

The above details were published in the CMA Journal Double Issue of October 2007 / February 2008 and March 2008 / July 2008.



Institute of Certified Management Accountants of Sri Lanka

Standards of Ethical Conduct of the Society of Management Accountants of Sri Lanka (SCMA)

*** 1. Standards of Ethical Conduct**

Some standards of ethical conduct for practising Management Accountants and Financial Managers convey how ethical behaviour should be practiced in the profession.

These are competence, confidentiality, integrity, objectivity and good behaviour which will hold the society in high esteem with the public.

Members have a responsibility to comply with the following standards.

- * COMPETENCE**
 1. Maintain an appropriate level of professional competence by ongoing development of their knowledge and skills.
 2. Perform their professional duties in accordance with relevant laws, regulations and technical skills.
 3. Prepare complete and clear reports and recommendations after appropriate analyses of relevant and reliable information.

- * CONFIDENTIALITY** Refrain from disclosing confidential information acquired in the course of their work except when authorized, unless legally obligated to do so, and by a competent court of law.

Inform subordinates as appropriate regarding the confidentiality of information acquired in the course of their work and monitor their activities to assure the maintenance of that confidentiality.

Refrain from using or appearing to use confidential information acquired in the course of their work for unethical or illegal advantage either personally or through third parties.

- * INTEGRITY** Avoid actual or apparent conflicts of interest and advise all appropriate parties of any potential conflict

Refrain from engaging in any activity designed to directly and substantially prejudice their ability to carry out their duties without bias.

Refuse any gift, favour or hospitality that would influence or would appear to influence their integrity.

Refrain from either actively or passively subverting the attainment of their organization or the society's legitimate and ethical objectives.

Recognize and communicate professional limitations or other constraints that would preclude objective judgement or successful performance of any professional assignment.

Communicate unfavourable as well as favourable information and relevant professional judgements or options.

* **GOOD BEHAVIOUR** Refrain from engaging in or supporting any activity that would discredit the profession or the Society.

* **OBJECTIVITY** Communicate relevant strategic information fairly and objectively.

Disclose fully all relevant information that could reasonably be expected to influence an intended user's understanding of the reports, comments and recommendations presented.

* *Source – Institute of Management Accountants, USA (IMA)*

** **2. (a) A member will act at all times with:**

- i) Responsibility for and fidelity to public needs;
- ii) Respect loyalty to such Member's associates, clients and employers, and
- iii) Competence through Professional development devotion to high ideals of personal honour and professional integrity.

(b) A Member will:

- i) Maintain at all times independence of thought and action;
- ii) Not undertake Management Accountancy assignments or express opinion on financial reports or statements without first assessing her or his relationship with her or his client to determine whether such Member might expect her or his opinion to be considered independent, objective and unbiased by one who has knowledge of all the facts, and
- iii) When preparing financial reports or statements or expressing an opinion on financial reports or statements disclose all material facts known to such Member in order not to make such financial reports or statements misleading, acquire sufficient information to warrant an expression of opinion and report all material misstatements or departures from generally accepted accounting principles.

(c) A Member will :

- i) Not disclose or use any confidential information concerning the affairs of such Member's employer or client unless acting in the course of his or her duties or except when such information is required to be disclosed in the course of any defence of himself or herself or any associate or employee in any lawsuit or other legal proceeding or against alleged professional misconduct by order or lawful authority of the Board or any committee of the Society in the proper exercise of their duties but only to the extent necessary for such purpose;
- ii) Inform his or her employer or client of any business connections or interests in a Management Accounting Assignment of which such Member's employer or client would reasonably expect to be informed.
- iii) Not, in the course of exercising his or her duties on behalf of such Member's employer or client, hold, receive, bargain for or acquire any fee, remuneration or benefit without such employer's or client's knowledge and consent;
- iv) Take all reasonable steps, in arranging any engagement as a consultant, to establish a clear understanding of the scope and objectives of the work before it is commenced and will furnish the client with an estimate of cost, preferably before the engagement is commenced, but in any event as soon as possible thereafter.

(d) A Member will :

- i) Conduct himself or herself towards other Members with courtesy and good faith;
- ii) Not commit an act discreditable to the profession of Management Accountancy or the Society
- iii) Not engage in or counsel any business or occupation which, in the opinion of the Society, is incompatible with the professional ethics of a management accountant;
- iv) Not accept any engagement to review the work of another Member for the same employer except with the knowledge and written consent of that Member, or except where the connection of that Member with the work has been terminated, unless the Member reviews the work of others as a normal part of his or her responsibilities which are known to all members;
- v) Not attempt to gain an unfair advantage over other Members by paying or accepting any perquisite or commission in securing management accounting work;
- vi) Uphold the principle of adequate compensation for management accounting work done and
- vii) Not act maliciously or in any other way which may adversely reflect on the public or professional reputation or business of another Member.

(e) A Member will:

- (i) At all times maintain the standards of competence expressed by the Board of the Society from time to time;
- (ii) Disseminate the knowledge when called for or required by the Society upon which the profession of management accounting is based to others within the profession and generally promote the advancement of the profession and the society;
- (iii) Undertake only such work as he or she is competent to perform by virtue of his or her training and experience and will, where it would be in the best interests of an employer or client, engage, or advise the employer or client to engage, other specialists;
- (iv) Expose before the proper tribunals of the Society any incompetent, unethical, illegal or unfair conduct or practice of a Member which involves the reputation, dignity or honour of the Society; and
- (v) Endeavour to ensure that a professional partnership or company, with which such Member is associated as a partner, principal, director or officer, abides by the Code of Professional Ethics and the rules of professional Ethics and the rules of professional conduct established by the Society in regard to Management Accountancy.

III. CMA shall formulate and formally adopt in the constitution or by laws,

rules and regulations of the rules of Inquiry on any complaint made to it or by other means, any breach of these rules of ethical behaviour, including rules of Investigation and Inquiry and punishments to be awarded to those found guilty of any breach of this professional code, including suspension, fine, admonishment or in extreme cases disenrolment.

** Source – *Certified Management Accountants, Canada (CMA)*